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THE OFFICE OF RESEARCH AND REPORTS (ORR)

SUMMARY

The Office of Research and Reports was organized to meet specific needs which had become obvious in the survey in the field of economic intelligence undertaken by CIA in 1950 on NSC direction. In June 1951 the NSC, on recommendation of the DCI with concurrence of the IAC, gave CIA the responsibility for coordinating economic intelligence activity vital to the national security and for producing certain economic intelligence as a service of common concern. The Office of Research and Reports was directed to assume CIA responsibilities in this field, and to give first priority to the economy of the Soviet orbit and fill as rapidly as possible the revealed gaps in U. S. knowledge of the Soviet-orbit economy.

ORR exercises coordination responsibility primarily through the Economic Intelligence Committee, whose terms of reference were established by the IAC. ORR carries forward two functions inherited from the former Office of Reports and Estimates — coordinating the National Intelligence Survey program and providing centralized geographic and map intelligence — and furnishes support for other CIA units. It also monitors certain external research projects for the Agency.

In economic intelligence, analytical research, as opposed to the screening and interpretation of current phenomena, requires the application of techniques not hitherto fully exploited in U. S. intelligence. Application of these techniques necessitates strengthening and in some cases reordering past governmental practices in the collecting and processing of raw intelligence and expanding the search for data, especially on the Soviet orbit, among old and new, classified and unclassified sources in the U. S., utilizing personnel

CONCEPTS AND 1951 ACHIEVEMENTS OF OHR

Background

The necessity for basic economic research became evident following World War II, particularly as a result of such studies of operational success or failure as the strategic-bombing survey. Attacks on the bearing target-system, for example, had been preceded rather by studies of its vulnerability as a physical target and the realization of the general importance of bearings to industry, than by drawing an adequate, integrated, economic-intelligence picture dealing with the dynamics of a living economy — stockpiles, dispersion, substitutes, changing economic requirements, consumption, and the like. The CIA survey of foreign economic intelligence requirements and facilities in the U. S. Government, and of the adequacy of facilities, undertaken in March 1950 pursuant to NSC Action 282, pointed up the need for centralized coordination as well as for basic economic research.

Prior to October 1950 the now-abandoned Office of Reports and Estimates took cognizance of economic intelligence in providing a consultant group, primarily as advisors to the area divisions, and a further step was taken in the organization of half the Eastern Europe division into a purely economic branch to follow current economic activity in the Soviet orbit. Only with the advent of OHR, however, was research in the interest of economic intelligence recognized as the principal function of a major sub-division of an intelligence organization. Specific functions with respect to foreign economic intelligence relating to the national security were assigned to CIA by NSCID 15 in June of 1951.

The transfer to another office (OCI) of the primary responsibility for current intelligence permitted OHR to shift its focus of attention from the analysis and interpretation of the current flow of intelligence documents to an intensive

search for every scrap of information, current or old, in top-secret files or in public libraries, abroad or at home, bearing on fundamental economic intelligence problems. The goal is that the analyst, largely freed from the demands of processing the current flow, be able to address himself to true research, utilizing research techniques, methods, and disciplines, and that ORR be able to concentrate its energies on finding real solutions to a few problems critical for the national security.

The Function of Economic Intelligence

In ORR's concept, the foreign economic intelligence produced in various parts of the government should serve at least the following five purposes in support of national-security policies: (1) to estimate the magnitude of possible present or future threats to ourselves and our allies by evaluating the total economic resources on which military potential for any but the briefest campaigns must depend; (2) to estimate the character and location of possible present and future threats by learning the allocation of such resources as the potential enemy possesses; (3) to assist in estimating the intentions of the potential enemy; (4) to assist the policy-maker in deciding what can be done to reduce the possible threat by seizing on or creating economic vulnerabilities; and (5) to assist in estimating the possible development of the East and the West over a period of years under the assumption that war does not occur during that interval.

The ORR Mission

It was determined that ORR should concentrate first on the economies of the Soviet Union and its satellites, since CIA's responsibilities with respect to "foreign economic intelligence relating to the national security" dictated primary attention to that area posing the greatest potential threat to the national security.

Approach to the Soviet-intelligence problem through economic research is facilitated by two sets of circumstances that offer peculiar advantages. In the first place, the militant materialism of the Soviet planned economy, in its very movement from political decision to total and minute planned implementation, cannot help but radiate factual economic evidence reflective of the political decisions. Secondly, the basic unity of industrial processes and economic relationships throughout the world provides a basis for filling in gaps in a series of known facts and for extending that series beyond presently known facts to its logical development. The skilled engineer and the competent economist, thoroughly posted the one in U. S. technical processes and the other in basic research tools, should find it easier to build on the fragmentary and sometimes scanty information available than would their counterparts in the political and military fields.

Techniques of ORR Intelligence Production

The above-mentioned advantages of the economic approach to Soviet intelligence are definitely favorable for ORR's longer-term program. Certain current circumstances, however, have dictated a limited-objective technique in intelligence-production for the present. Both the fragmentary nature and uncollated state of current information and the lack of basic earlier investigations present obstacles not easily overcome. Current demands on ORR for intelligence support preclude the effort necessary immediately to remedy the sins of omission of the last thirty-three years and authoritatively to recover the basic data of Soviet economic history by exhaustive research. Therefore the ORR program must allow for series of successive tentative conclusions based on information available, reaching constantly greater exactness as to the outer limits of maxima and minima of Soviet capabilities. ORR must constantly repeat a cycle

of: review and examination of information that is available; selection of points of greatest weakness; concentration of production on these points; then re-review and re-examination to determine whether emphasis should be shifted. Such a program, though possibly in some respects less than ideal, will contribute eventually to a sound economic basis under political and military intelligence factors.

Research Achievements of 1951

Considerable progress has already been made by employing this technique of successive approximations. The first six months of 1951 were spent in making as thorough an inventory as was possible of what CIA knew about the Soviet economy, with the primary emphasis on exposing what was not known, and what ORR considered should be known, about Soviet economic capabilities. This exercise, while pooling much information which existed heretofore in the minds or files of analysts in fragmentary form, was most enlightening on the grave deficiencies brought to light for the first time in an orderly fashion. Signal contribution was made in the petroleum field on more precisely approximating for the first time the Soviet economy's requirements for petroleum products and the availability of aviation fuel. In the electronics field, the assembly and analysis of all known data authoritatively confirmed the previous intelligence "hunch" of the Soviet economy's relative weakness on this score. In all the various economic sectors, however, gaps were found, of varying degrees of seriousness, down to a complete deficiency of information in the vital field of construction (biggest single consumer of steel and labor in the U. S. economy), and an almost total deficiency in information concerning the mechanical-engineering industries supporting munitions production. A clear priority program for filling these gaps is not yet established, but by making an attack

on a broad front by the method of successive approximations, it should be possible within the next year to narrow the field for definitive study, particularly in conjunction with the work of the Economic Intelligence Committee.

Coordination Activities

The Economic Intelligence Committee has been more fully treated in Section III, Part 2, Coordination, of this report. In brief this committee has initiated arrangements for pooling information and work in support of national intelligence estimates, and has proven itself already a very useful instrument in securing within the intelligence community an agreed approach on specific intelligence problems, both of production and of requirements for information.

ORR also has a responsibility for coordinating research done outside the government on matters of interest to the intelligence community. There has not yet been time to develop an extensive program for systematically tapping the knowledge and talent available in universities and private research institutes, but a start has been made with a pilot project at the [REDACTED] 25X1A5a1

25X1A5a1 [REDACTED] The central purpose of this project is to bridge the gap between the knowledge of Soviet society acquired by scholars and the requirements of operating officials for guidance in exploiting the cold-war vulnerabilities of the Soviets. New techniques for focusing academic understanding on operating problems are being developed.

Services of Common Concern

The National Intelligence Survey program, established by NSCDD 3 in early 1948 and taken over by ORR from its predecessor office as an already well-developed activity, involves both the coordinating function, in planning and

directing a complex interagency program for the collection, production, and maintenance of basic intelligence, and also the exercise of extensive CIA editorial and review responsibilities. Progress has been made in the establishment of permanent staffs in the contributing agencies, in the augmentation of collection capabilities, and in general improvement in the effectiveness of interagency coordination. It has not as yet been possible, however, due to factors beyond the control of ORR or the Agency, to exact fulfillment of production schedules. The outbreak of the Korean war caused almost total stoppage of MIS production by the agencies of the National Military Establishment and considerable reduction by State; only fifty percent of production goals for fiscal 1951 were met. Current production also is running considerably behind the fiscal 1952 schedule. It is possible that the solution may lie in CIA financial support of units in Defense agencies, such as is now provided for State and for some other contributors, to provide stability of capabilities in these agencies that will ensure continuity of balanced MIS production in conformity with scheduled commitments.

The Geographic Division, ORR, was a well-developed service of common concern when transferred to ORR's predecessor office from the Department of State late in 1947. It has continued to maintain an extensive map-library reference service on a current basis and to produce geographic and map intelligence of common concern to the intelligence agencies. Support activities -- in addition to preparation of a large variety of base maps needed for research, planning, and presentation programs -- include providing "locational" intelligence, such as that needed for surveys of vulnerability of strategic foreign installations. An important current project is the analysis of Soviet capabilities in the

fields of mapping, aerial photography, and geodesy. The Geographic Division enters into the coordinating role with responsibility for Chapter IX, Map and Chart Appraisal, of the NIS program, and with the coordination of requirements for the collection of maps and mapping information on foreign areas from both foreign and domestic sources. Recent additions to this division's responsibilities have been that for furnishing graphic support to various parts of CIA and that for conducting an augmented geographic research and cartographic effort in support of CIA operational planning and field activity.

Support Activities

Throughout the year much of ORR's time has been spent in support of a great variety of operations --- such as export-control under interdepartmental auspices and, within the Agency, the activities of the Offices of Current Intelligence, Policy Control, and National Estimates. From an initial beginning of providing no support for the Office of National Estimates, ORR has come to providing some --- in some cases the bulk --- of the support for almost all the national estimates. In addition, ORR has provided basic data and assumed leadership in discussions on economic matters in international intelligence conferences [REDACTED] Support 25X1X7 activities such as this paragraph lists, however worthy and important the ends that they have served, have, of course, been carried on at the expense of time that would otherwise have been devoted to basic research.

Use of Consultants

Because of the practical limit of hiring personnel for all specialized fields and the great need for drawing on the full U. S. resources for the best possible judgments, ORR is engaged in an extensive program of utilizing

consultants from outside the Government -- including both business and industrial specialists and academic authorities -- both for its own benefit and that of opposite number agencies. A consultant panel on aircraft, 12-16 November 1951, enjoyed also full participation by Air Force Intelligence. Such consultants have been most willing to serve, and it is anticipated that OPR will in the future be able to make even greater use of their generous help.

Problems

The problems that OPR considers of sufficient moment to present in an Agency report of this nature are detailed in the appropriate section and part (IV, 7). They are therefore here merely listed, to complete the picture of OPR in the processing of intelligence. First in seriousness is probably that of the organization of existing but scattered information in such form that it can be reached and used by the intelligence analysts; second is placed the problem of need for access to operational knowledge, which plagues other parts of the agency as well as OPR; the third problem also is not peculiar to OPR, though bearing with particular force on this office -- that of the need for speedier security and other administrative action on incoming personnel and for some reasonable method of utilizing unclearable individuals; the final problem is the need for more direct contact between the OPR analysts and the field collection facilities, which is peculiarly important in economic intelligence.

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Problems:1. Organization of existing information

The identifying of relevant information and its organization into usable form is probably the first "housekeeping" problem in any intelligence field. While this problem in Soviet economic intelligence is intensified by the variety of contexts in which bits of information occur, by the wide separation of these bits in time and place, and by their very number, it is also true that the peculiar complexity and interrelationship of economic factors — for example, the series of coal to iron ore to steel to guns — offer hope for fruitful solution of this priority problem.

A modern economy cannot function without peeling off fragments of evidence of a most positive, concrete nature, which, regardless of the precautions taken by the operators of that economy, cannot fail to give, if only the fragments can be identified and arranged, an accurate picture of the economy in operation. The difficulty lies in finding all the fragments, and, even more, in putting them together in proper cross-referenced form so as to summon up the original context of activity and account for the missing gaps.

The American gift for mechanization in licking its problems of organization has been woefully lacking in efforts to tackle the crucial problems of intelligence on a sufficient scale. Economic-intelligence processors are not in a position to lay out their precise requirements for field collection when they cannot appraise the information already existing in U. S. Government files and other repositories. This body of information exists in tens of millions of documents, classified and unclassified. Significantly large volumes of books on the Soviet economy, in the original Russian, remain unexploited and unreferenceable; millions of reports reflecting economic evidence in classified material

within the intelligence community are not readily accessible. The present lack of facilities for "capturing" these materials means that it is as yet impossible to bring together in focus all the elements bearing on any single problem, to say nothing of the Soviet economy as a whole.

ORI and the economic intelligence community as a whole need much broader support from "housekeeping" facilities. American organizational genius must be specifically directed toward final location, abstracting, cataloguing, cross-referencing, and generally making available the vast amount of existing information on the economy of the Soviet area. While something is being done now, those responsible need greater administrative support and an enlarged charter if they are to proceed properly.

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Problems:

2. Necessity for operational knowledge

Types of operational knowledge at present largely withheld from ORR are required for two specific purposes: watching for developments in the USSR analogous to those which have already taken place in the U. S.; and estimating Soviet capabilities and vulnerabilities more accurately.

Modern economics is, in reality, a large number of specialized subjects, complicated by continuous revolutionary technical changes. Theoretically, every required type of specialized knowledgeability would be present in personnel within the ideal central intelligence agency or at least in the government intelligence community. The pace of change in technical developments, however, is so rapid, and so increasingly comes under the security wraps of U. S. operations and countermeasures, that it is difficult for the knowledgeable agency analyst to know what to look for in the foreign field without the parallel knowledge of domestic activity.

Because military development embraces specialized economic developments, important domestic data are put outside of the ken of the economic intelligence analyst. These developments have sometimes revolutionary significance in terms of the use of new materials or different processes. The economic analyst is severely handicapped in knowing what to look for in the foreign field unless he knows about these domestic developments. At present, however, many domestic developments are classified in such fashion that the intelligence specialist has no access to them and is thereby precluded from intelligent inquiry in the parallel foreign field.

An example of these restrictive practices is the background of ORR's recent receipt of a request for information about Soviet production of optol (catechol). Normal domestic production of this item (75 tons a year) is of minor significance among literally tens of thousands of chemical products turned out. It is not physically possible to cover all chemical items, and therefore priority attention must be given those items known to be of the most importance. In this case, through indirect and somewhat indiscreet sources, it was learned that optol is of paramount importance in certain new U. S. weapons production, and may be a key to determining the extent of similar Soviet production. It will be necessary, however, because the evidence of such Soviet production is bound to be fragmentary and indirect, to have more quantitative and qualitative data from the military's operational units before appropriate requirements can be set and coverage arranged.

Another aspect of the security separation by the military of domestic planning and operational information from the intelligence function is that it seriously blocks the intelligence-analyst's effort to define Soviet vulnerabilities and capabilities.

ORR's exploration of Soviet strengths and weaknesses demands a knowledge of domestic strengths, including, for example, weapons. Unless this domestic strength is known, the condition of Soviet vulnerability cannot be recognized.

The history of Soviet atomic development is an excellent case in point. Had the intelligence community known the economic factors necessary in any one of several fields for the production of atomic energy, it would have been relatively easy to estimate the dependence of the USSR on the US for realization of its own production. In the field of machine tools alone, it would have been possible to act upon the vulnerability of the USSR in this respect by withholding these unique tools and instruments the Soviet found it had to purchase

on the U. S. market to build the USSR atomic energy plant, or even to effect covert measures which would have misled the USSR into undertaking wasteful processes at the sacrifice of other economic goals.

Again, so long as the present U. S. weapons strength remains unknown to the intelligence community, it is impossible accurately to estimate the extent of Soviet industrial vulnerability to Western war measures, or to even define the context of Soviet vulnerability, as it relates to factors of decentralization, stockpiling, recuperability, etc. All of these factors and others only have significance when related to the magnitude of effect of U. S. planned operations.

There are undoubtedly from the military point of view what seem to them good reasons for the restrictions imposed; against these reasons, however, the serious disadvantages to intelligence knowledge and consequently to the national security interest must be weighed. The above-cited examples are not unique and only serve to emphasize the unity of the modern war and the modern economy. Up to the present time much of such needed data on domestic military development has been refused ORR by the military departments.